



INSTITUTE *of*  
HEALTH EQUITY



**THE RISING COST OF LIVING:  
A REVIEW OF INTERVENTIONS  
TO REDUCE IMPACTS ON HEALTH  
INEQUALITIES IN LONDON**

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# EXECUTIVE SUMMARY

## IHE COST OF LIVING RAPID EVIDENCE REVIEW

As of December 2022, headline inflation was running at over 11%, and for many people in London this is the first time in living memory that they have experienced such a rapid decline in their real incomes. People and households on average and low incomes spend a higher share of income on essential goods such as food and home energy, which are rising even faster than headline inflation. The rising cost of living is likely to contribute to widening inequalities in health and life expectancy between the richest and poorest in London.

This report summarises a rapid review of evidence for local interventions to mitigate the impacts on health in London. It has been produced by the UCL Institute of Health Equity (IHE) for the Greater London Authority and system partners across local government, the NHS and the wider voluntary, community, faith and social enterprise (VCFSE) and business sectors.

The report presents the evidence for short to medium term actions that can be delivered at a local level. Many of these will require additional government intervention to be delivered at the scale required to meet the level of need, but most of the interventions cited are already delivered in one or more areas of London, and case studies are presented throughout the report.

This review should be read alongside the accompanying data pack on the impacts of the rising cost of living on London.

### Key MESSAGES

- **The rising cost of living may accelerate an existing trend of stalling life expectancy in England, and falling life expectancy in some groups in the poorest communities. A decade of austerity is among the causes of this trend, disproportionately affecting the same groups** who are the most exposed to the impacts of inflation, including children, women, people living with disabilities and long-term conditions, people from minority ethnic groups, lone parents, and people who are socially excluded, such as rough sleepers, undocumented migrants and sex workers.
- **There has been a rapid decline in real incomes, hitting those on low incomes hardest, and this is likely to contribute to widening inequalities in health and life expectancy between the richest and poorest in London.**

## LONDON CONTEXT

There are profound health inequalities related to socioeconomic deprivation in London.

- In 2020, London saw the largest increase in all-cause premature mortality of any region in the UK, and this disproportionately impacted the most deprived communities and continues to do so.
- This is related to the fact that, despite being the richest city in the UK, London has the highest rate of poverty of any region, with more than a quarter (27%) of London residents living in poverty in 2021 after taking housing costs into account.
- Inequalities in income in London are wider than the rest of the UK: people in the top income decile earn over ten times more than people in the lowest decile in London.
- The poor in London are poorer than in other regions, with incomes after housing costs in the lowest decile in London 30% below those in the lowest decile in the rest of the UK.
- Income inequality has been further impacted by the pandemic: real wages have declined, and this has impacted lower paid sectors more than higher wage professions in London.

**Wealth provides some protection against the rising cost of living** as it increases the likelihood of home ownership, and of having a pension and sources of unearned income. Yet in 2020 London had the most unequal wealth of any UK region, with minimal increase in wealth in the lowest income groups over the last decade.

**The wide inequalities in wealth and income in London mean that many low-income and ‘just about managing’ households in London are already cutting back on essentials and turning to credit and savings to afford them.** Rising household debt, especially unmanageable debts, are likely to contribute to a major mental health burden as more people are faced with the stress and anxiety of dealing with creditors and debt collection processes.

**Compounding this, since 2010 the spending power of local authorities in London has fallen by almost two-fifths,** and these cuts combined with increasing demand for social care have resulted in cuts to funding for non-statutory service provision in most boroughs, leaving London entering this period of rising costs with greater unmet need for non-statutory services than a decade ago. Many of these, such as debt and welfare advice and legal aid, are essential to supporting people through the cost-of-living crisis.

**The Government have taken several measures to respond to the cost-of-living crisis in the short term,** and these forms of support, such as the energy price guarantee and the energy bills support scheme, will reduce the impact of inflation on many households. However, **their role in mitigating inequalities in the impacts of rising living costs is mixed** – whilst some, such as the additional payments of £650 in 2022 and £900 in 2023 for universal credit recipients are targeted at the lowest income households, others, such as the energy price guarantee, will benefit high income households, that consume more energy, more than they benefit low income.

## WHAT DOES THE EVIDENCE POINT TO?

The evidence points to a **need for coordinated activity, with organisations playing their role as employers, as local partners in a place, and as service providers and commissioners.**

The report is structured around three factors that contribute to whether a household or individual can cope with high inflation: **(1) income, (2) the cost of essential outgoings, and (3) financial resilience and debt.** As a household's income, essential outgoings, financial resilience and debts are in turn affected by many other factors, the range of interventions to address them is varied. **There is no single mitigating intervention, bespoke combinations at national and local level will be needed to address the different factors** (including health) that contribute to a person or household's financial circumstances and the impacts on health and health inequalities that will result.

## INCOME

**Nevertheless, logic, social justice and evidence clearly indicate that where a problem is driven by people having insufficient income, then increasing their income will reduce the problem – and this should be the starting point for any response.** Doing this requires employers to pay, as a bare minimum, the London Living Wage, and that service commissioners maximise provision of welfare, benefit and legal advisory services to support people to access all entitlements.

## ESSENTIAL OUTGOINGS

Even with increased incomes, many households, especially those with dependent children or adults, have higher than average essential outgoings that cannot be covered by the London Living Wage and are unmet in households subject to the benefit cap. **These households are increasingly running ‘negative budgets’** - where the cost of essential outgoings exceeds household income. The report discusses more **targeted interventions that can support people to manage the cost of essential outgoings spanning food, childcare, home energy, transport, housing and healthcare.** As a first step, public sector providers across all service areas should identify the need for and promote uptake of the full range of targeted statutory financial assistance that already exists. They should then work with all partners at a place level to commission and deliver additional support to help with essential costs – examples of which are presented in the report.

**There are early signs that lower income households in London are taking on more credit and are more likely to default on bill payments as living costs rise.** People with problem debts are more likely to suffer from mental health problems, and debt collection processes are heavily implicated in causing significant stress and anxiety and in contributing to a growing mental health crisis. As a growing number of people who default on debt repayments are not choosing to do so, it is essential that organisations in all sectors that have a debt collection function **adjust their processes towards being sensitive to the financial and mental health needs of communities and customers.**

The introduction of Integrated Care Systems (ICSs) across health and social care enables the development of the role of NHS Trusts and local authorities as ‘anchor’ organisations within their communities, drawing on the range of functions that partners have, as employers, service providers, commissioners, as owners of capital and estates and as partners in a place. **ICS partners should consider how they embed support with rising**

living costs into clinical pathways and the opportunities to extend social prescribing to support people with rising living costs. Their data and intelligence functions have a role in identifying households and communities who are most at risk from the rising cost of living, whilst the workforce itself should be given training and supervision to deliver initial advice and support at an individual level.

## FINANCIAL RESILIENCE AND DEBT

Investment in voluntary and community services, in particular advice and support services, offers a high return on investment. Interventions should be developed collaboratively with affected communities in a way that empowers and gives a voice to people most impacted by falling incomes, and does not judge or stigmatise. All commissioners and providers of interventions should maximise use of the power within communities and individuals to advocate for themselves to drive the structural changes needed to reduce income, and health, inequality.

Finally, the private sector are a key partner in mitigating the rising cost of living in London. In addition to the moral case, businesses will benefit from healthy workers and healthy customers. **Businesses can support the cost-of-living response through the pay and benefits they offer, hours worked and job security, and the conditions of work, and can influence the health of individuals in the communities in which they operate through local partnerships, procurement and supply networks.** Large organisations in both the public and private sectors can take the lead and encourage and support smaller organisations to pay the **London Living Wage**.

## OVERARCHING RECOMMENDATIONS

For local authorities and health and social care commissioners and providers

Integrated Care System partners, including local authorities and primary, secondary and tertiary care providers, should integrate their response to the rising cost of living with their strategic approach to health inequalities.

### As service providers:

- 1 → Embed financial wellbeing and resilience into clinical pathways, considering how and where to co-locate services to support people.
- 2 → Primary Care Networks should consider the opportunities to extend the role of social prescribing link workers and mechanisms to develop the direct and indirect (i.e. signposting) support that they can offer.
- 3 → Use data and intelligence functions in real time to identify individuals and communities who are most at risk from the rising cost of living.
- 4 → The principles of prevention and early help should underpin any intervention.
- 5 → Provide workforce training in how to identify people at risk and support the workforce to contribute to local approaches to address the rising cost of living. Professionals in frontline roles should:
  - Be aware of how financial insecurity can impact people's health and health behaviours.
  - Understand the impacts of multiple exclusion and discrimination - whether based on ethnicity/ racism, disability, stigmatisation of class and poverty, other protected characteristics or being in a group excluded from healthcare, such as people who are homeless or sex workers.
  - Consider the whole person when people present to them, and offer signposting and support as appropriate, ideally with minimal additional effort for the individual, to help address the range of issues a person may need support with.
- 6 → Embed monitoring and evaluation in the delivery of new initiatives.
- 7 → If collecting payment from service users for chargeable services, including council tax and social housing rents by local authorities, review debt collection processes to minimise their impact on mental health, and support people to create a manageable payment plan as opposed to pursuing legal enforcement measures.



### As partners in a place:

- 8 → Interventions should be developed collaboratively with affected communities in a way that empowers and gives a voice to people most impacted by falling incomes, and does not judge or stigmatise, and maximises the use of the power within communities and individuals to advocate for themselves to drive the structural changes needed to reduce inequality.
- 9 → Investment in the VCFSE sector, in particular advice and support services, offers a high return on investment. Funding for the VCFSE must become more sustainable to have a lasting impact.
- 10 → Engage and involve communities, VCSFE sector and community leaders in the assessment of current services and interventions and the development of new ones.
- 11 → When communicating complex information check that communications meet readability and accessibility guidance and ensure that content is relevant to people's lives.

### Procurement and commissioning for social value:

- 12 → Use social value levers to require good employment practices throughout supply chains, including paying sufficient wages to meet the London Living Wage.

### As employers:

- 13 → Deliver on recommendations for interventions that employers can implement to support their workforce (see section 5.3).
- 14 → Pay the London Living Wage and implement the Mayor of London's Good Work Charter

## FOR BUSINESSES

The private sector must be a key partner in mitigating the rising cost of living.

- Businesses affect the health of their employees and suppliers through the pay and benefits they offer, hours worked and job security, and the conditions of work.
- Businesses affect the health of their clients, customers and shareholders through the products and services they provide and how their investments are held.
- The effects on wider society also encompass taxes paid by businesses to local and national government, which support interventions to reduce income inequality. Meanwhile, salaries paid to employees, especially those in lower paid roles, are quickly returned to the local economy and support demand for business products.
- Large organisations in both the public and private sectors can take the lead and encourage and support smaller organisations to, for example, pay the London Living Wage.
- Businesses have a major impact on the mental health of customers when they pursue heavy handed debt collection processes, and this is a particular concern as more people take on debt. As with ICS partners, all businesses, and their regulators, should review debt collection processes to minimise their impact on mental health, and support people to create a manageable payment plan as opposed to pursuing legal enforcement measures.



## RECOMMENDATIONS ON MAXIMISING INCOME, SUPPORT TO MANAGE THE COST OF ESSENTIAL OUTGOINGS, AND FINANCIAL RESILIENCE AND DEBT MANAGEMENT

### Recommendations - support to manage the cost of essential outgoings

#### Food

- Food aid providers should adopt a cash-first approach and place trained advisors able to support with financial, housing and any locally identified needs on-site at food aid projects.
- ICS partners should promote uptake of Healthy Start vouchers.
- Local authorities should extend free school meal provision to all year groups in primary schools and widen the eligibility criteria to increase uptake in secondary schools.
- ICS's should consider their role in supporting people with dietary needs who are unable to afford appropriate food.

#### Childcare

- Employers should offer flexible working as standard, including as applicable: self-rostering, flexible work around core hours, remote working and part-time options.
- Employers should promote childcare support that is available and offer a childcare deposit loan scheme for parents returning to work.
- Build capacity in Children's Centres, family hubs, and the public health nursing workforce to identify and provide early help to families with young children where childcare costs are leading to financial hardship, either directly or because of barriers to workforce participation.
- Large organisations in all sectors should consider providing subsidised on-site childcare facilities where feasible.

#### Home energy

- Local authorities, VCFSE and NHS should review the Cold Weather Plan for England and NICE Guideline 6: Excess Winter Deaths, and develop a strategic partnership, seeking to implement all recommendations.
- Primary care, including social prescribing link workers, and adult social care workforce, should be trained to recognise signs of fuel poverty and have conversations about the support available.

#### Transport

- Employers should implement a range of interventions to reduce people's need to pay for travel at peak times. These include promoting the cycle to work scheme and providing facilities and training to encourage uptake, and providing interest-free season ticket loans and flexible working.
- Local authorities should take a long-term view and integrate making community infrastructure available within a short distance into their local plans to reduce the need to make longer journeys. Together with Transport for London they should invest in cycling and walking infrastructure that connects lower income neighbourhoods with key employment, educational and health infrastructure as well as social and cultural amenities.

#### Housing

- Integrated Care System partners should consider means of co-locating housing and related support into routine care, with e.g. housing, legal and welfare and benefit advisors available to inpatients and outpatients on-site without need for external referral.
- Local authorities and ICSs should refer to the separate evidence review in this series on Housing and Health Inequalities in London.

#### Healthcare

- Providers should seek to identify and ensure people are aware of entitlements available to both people who are and are not exempt, e.g. prescription charge exemption certificates for people on low incomes, electricity rebates for home oxygen, and the routine healthcare charge exemptions for certain groups.
- Social prescribing and other advisory roles should be trained to assist with accessing healthcare entitlements.



## Recommendations - Maximising income

All employers should

- Pay the London Living Wage and should reinforce this through their procurement processes to influence suppliers and commissioned services.
- Support trade union membership in their workforce, in particular encouraging the lowest paid workers to join.
- Ensure adequate protections of pay and conditions for all staff when ill, including those not directly employed, and promote a positive culture of taking sick-leave when needed.

Integrated Care System Partners

- All system partners should identify and support people to access all benefits and entitlements for which they are eligible, taking into consideration all barriers to uptake and opportunities to co-locate welfare advice with other services people routinely access.
- Should support development of health justice partnerships in their localities, including co-location of services in health and care facilities. They should develop the role of health and care professionals, including social prescribing link workers, in identifying the need for and facilitating access to legal welfare advice.

The Department for Work and Pensions

- Should allocate 5% of the value of unclaimed benefits to services that increase benefit uptake, including health justice partnerships.
- Review, nationally, processes for claiming benefits, especially where those often require professional support to complete, to seek to minimise demand for professional support with initial applications.

## Recommendations - Financial resilience and debt management

- All organisations that undertake debt recovery should be sensitive to the mental health needs of clients.

The NHS, local authorities and businesses, should, as appropriate:

- Fund and resource debt advice services sufficiently to meet need.
- Where people are in debt to Local authorities, the NHS and businesses, debt advice and support should be offered via outreach at the first sign of financial difficulties to secure the best outcomes.
- Commission services that deliver money and debt advice on-site in primary care, hospitals and mental health services. In particular they should ensure people in a mental health crisis are able to access debt advice and a 'temporary suspension of any enforcement action'.
- Promote credit unions in their cost-of-living response communications.